



National Audit Office

Value for Money Study: Finance Function Review

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Contents

Summary.....	1
Detailed Findings	6
Appendix 1 – Crowe Finance Capability Maturity Assessment.....	19
Appendix 2 – Implementation status of recommendations: Contract Management.....	21
Appendix 3 – Our Approach.....	24
Appendix 4 – Evidence Gathering.....	26
Appendix 5 – Recommendation Schedule and Management Response	27

This report is prepared solely for the use of the Board and senior management of the National Audit Office and presented to the Public Accounts Commission (TPAC). We accept no responsibility for any reliance that any additional third parties may place upon the report. Where this report refers to matters of law, it should not be taken as expressing any formal opinion whatsoever.

Crowe U.K. LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and is authorised and regulated by the Financial Conduct Authority.

Summary

1. The National Audit Office (NAO) supports Parliament in scrutinising government's performance, providing high quality, objective evidence and analysis. The new strategy (2020-25) focuses the NAO on providing effective support to Parliament whilst providing insight to those responsible for public services.
2. As part of its own external scrutiny, the Board of the National Audit Office commission its external auditors, Crowe U.K. LLP (hereafter referred to as "Crowe"), to undertake an annual Value for Money ("VFM") study to assess the extent to which the organisation is achieving VFM in its use of resources. This year the review focused on the NAO's Finance Function.
3. In accordance with the 2020 to 2025 NAO Strategy, the NAO's three key strategic priorities are; improving its support for effective accountability and scrutiny; providing more accessible independent insight; and increasing its impact on outcomes and value for money. Three key enablers have been identified to achieve NAO's strategy; attract, retain and develop high quality people; make more effective use of technology, data and knowledge and aim to be an exemplar organisation.
4. During a period of change, with the new strategy implementation and uncertainty and with the associated impact of Covid-19, it is critical that the Finance Function is operating effectively and efficiently. The Executive and Board need to be able to rely upon the financial management information produced for effective decision making and staff require efficient processes to be operating to support them in their front line work.
5. In line with the strategy to be an exemplar as an organisation the NAO embraced the opportunity for its corporate services to be reviewed. As such, the 2020 VFM review of the Finance Function aligns with the wider strategy and operating environment, with other corporate services to be considered as part of the future planning of VFM studies.
6. As part of the review, we evaluated whether the NAO is providing an economic, efficient and effective utilisation of resources in the provision of the Finance Function. Our review has sought to address the following questions:
 - ▶ Does the operation of the NAO's Finance Function achieve value for money in its use of resources?
 - ▶ Does the NAO's Finance Function adhere to the Finance Global Design Principles established across central government?
 - ▶ Do the financial policies and systems interface so that they result in effective and efficient decision making in the use of resources?
 - ▶ What are the key metrics that can be used to track (as an in year and annual comparator) the efficient and effective use of resources in the NAO's Finance Function?

Key findings

8. **Overall, from the work undertaken, the Finance Function of the NAO is working effectively given the nature and size of the organisation.** The Finance Function is seen as trusted partner to the wider organisation and has a number of key individuals experienced in the management of its Finance Function and the NAO itself. This essential insight is invaluable and key to the continuing development of the Finance Function's offering to the wider organisation.
9. **The NAO is currently in the process of reviewing and seeking ways in which to develop and improve the performance of the Finance Function, including performance measurement. The proposed changes seek to develop the finance function to support improved decision making and effectiveness of the NAO.** The Corporate Group has a defined objective to contribute to the development of the organisation. Within this the Finance function has a clear Plan/Roadmap for how they wish to develop and improve the management information provided and the support to the organisation. This plan will help to address a number of the recommendations outlined within this report.

Overview of the Finance Function

10. Following the appointment of the new Comptroller and Auditor General (C&AG) there has been a continued focus on transparency as to the overall financial position of the NAO. This is being enhanced with the transition to operating and reporting in the Group structure (previously Clusters) as part of the new strategy (2020-25).
11. Financial management at the Group level is led by the Executive Director supported by a Resourcing Director. Whilst the lines of responsibility for the finances of individual groups is to the C&AG, the line management for the Business Partners (at the time of writing the report) is through the Director of Finance and ultimately the Executive Director for Strategy and Resources.
12. Executive Directors and stakeholders were particularly supportive of the positive contribution of senior team members and the skillset of the Director of Finance and their understanding of the culture, ways of working and operation of the NAO. There were points raised regarding the specific aspects of skill sets and potential risks regarding succession planning. However, actions are already in progress to address succession and continuity risk led by the Executive Director for Strategy and Resources and Director of Finance. Whilst this has been undertaken at the senior level there are potential challenges with continuity at the level below the Director of Finance.

Crowe Finance Capability Maturity Assessment

13. The NAO Finance Function scored highly against the criteria in each category, which is ranked on a scale from Initial-Developing-Defined- Established-Advanced. In the majority of areas, the Finance Function was ranked as Established/ Advanced. This applied to financial processes, support for effective decision making, financial planning, financial governance and risk management. One area, business partnering, was ranked as "Defined" which is reflective of the current status of the business partnering approach, which is under development.
14. The establishment of the Resourcing Director role under the new Group structure has brought about potential areas of duplication between the role of the Resourcing Director and Finance Business Partner. Whilst review of the role descriptions did not highlight areas of duplication, in practice there is scope for responsibilities to be duplicated. The move to the Group structure also presents an opportunity to enhance accountability in project budget management and address issues with accrued income at year end which required considerable rework by the Finance team.

Finance Global Design Principles

15. The Finance Global Design Principles¹ have been developed for 12 areas of financial taxonomy in order to promote best practice across Government. Whilst these apply more generally across government departments we applied aspects which are relevant to the NAO as a benchmark of best practice against the systems in place. In a number of cases, for the areas selected, the principles did not apply given the nature of the activities of the NAO, so we tailored our assessment accordingly.
16. The Finance Global Design Principles highlight the need for demonstrable benchmarks and targets across each area to be regularly reviewed to assess the achievement of efficiencies. Within the Organisational Development Plan (ODP), as part of the Finance Area Plan, targets relating to payroll, procurement and supplier and employee payments have been established. In the absence of available benchmarking information from organisations similar to the NAO, we have provided additional benchmarking data from the Charity Finance Group (CFG) Finance Count exercise across charities. This covers other finance operational areas of activity to assess whether it is beneficial in both assessing performance and in determining additional benchmarks.
17. Overall, based on walkthroughs of the system design, for the areas considered, the NAO's financial systems are aligned to best practice principles with potential opportunities for enhanced automation of processes.

Procurement Policy and Purchase to Pay Cycle

18. Reflecting the NAO's wider role as an authority on procurement practices for the public sector the NAO seeks to be an exemplar throughout the end to end Procurement cycle (following procurement, contract take on and management and payment). The NAO's procurement is managed by the Central Procurement Team, with oversight of spend of circa £30 million per annum, including the use of Frameworks to support organisational spend.
19. There has been sustained improvement in respect of the support provided by the CPT, reflecting the investment and change in this area. Examples of this relate to the use of alternative procurement frameworks beyond the Crown Commercial Services (CCS) Framework, including the use of G-Cloud and ESPO. In addition, there is evidence of work to address the root causes of Single Tender Actions, including proactively engaging with buyers across the NAO to consider alternative procurement routes earlier in the procurement process.
20. Since the 2018 VFM Review of Contract Management there have been a number of actions to strengthen supplier management. This has been led by the Head of Finance and Procurement who has overall responsibility for the coordination of contract management processes including the design and implementation of the governance framework.
21. A Contract Management Governance Group (the CMGG, comprising senior management who have oversight of large commercial activities) has been established and has held a series of meetings during 2019/20. There has also been a Contract Managers Group established, which is utilised for knowledge sharing and lessons learnt exercises across contract managers.

¹ <https://www.gov.uk/government/publications/finance-global-design-principles>

Travel Policy and Process

22. The NAO's Travel Policy provides guidance to support staff when making travel arrangements and provides clear guidance to staff of the necessary criteria for expenditure. From review of the content and benchmarking to comparable organisations, the policy appears reasonable and proportionate for the NAO as an organisation. The policy is also reflective of the NAO being a responsible public sector body in terms of travel and subsistence allowances.
23. There are opportunities to streamline the data entry and approach to the processing of claims, in line with any wider review of Financial Force and the approach to document scanning.

Conclusion on value for money

24. **We consider that the Finance Function of the NAO, considering the size and nature of organisation, is generally fit for purpose and provides value for money in its use of resources.**
25. The automation of routine/ standard tasks will allow the Finance Function to direct attention to value add activities, furthering the Finance Function's reputation as a trusted partner for the organisation. For example, the production of the annual statutory accounts, whilst delivered to required deadlines and subject to an unmodified audit opinion, involve substantial manual interventions that increase the risk of errors to subsequent versions.
26. The NAO has a number of individuals who are experienced in the management of its Finance Function and the NAO itself and as such there are no issues which warrant immediate attention.
27. The NAO is already undergoing a process of improvement. The Finance Plan and changes within the Finance Function are a key element of this, with examples noted throughout the course of the review, including:
 - ▶ Availability of management dashboards to encourage financial responsibility within the organisation.
 - ▶ Contract management improvements and the development of a forward procurement pipeline.
 - ▶ Refinement and improvements to cash flow forecasts and projections.

Recommendations

- **Process automation**

The functionality of the current Finance and Payroll systems to further automate a number of the operational processes should be explored. Key options to investigate include the production of the financial statements, management accounts and the payroll forecast.
- **Finance Business Partner**

Following the finalisation of the revised Group Dashboards the role of the Finance Business Partner should be clarified with the newly established Groups to ensure that the proposed value-add activities expected of the Business Partners are being adopted on a consistent basis and to minimise any duplication of roles and responsibilities.
- **Management Reporting**

The finalisation of the revised Group Dashboards (projected by September 2020) should be reviewed in conjunction with the Group Directors to ensure performance is monitored effectively in line with the Balanced Scorecard framework.

As the new structure is embedded, there may be a need to further refine the financial performance information presented to the Executive team. As Group level accountability and management becomes embedded this will facilitate the Executive team to focus on strategic issues rather than transactional matters.

As part of the reorganisation and move to the Group structure new accountability structures are being established. Whilst outside the direct remit of Finance, enhanced project budget monitoring on a monthly and quarterly basis at Group level will facilitate an efficient year-end process. This should be enforced through the performance management process.

- **Staff development and training**

A review should be undertaken of the necessary skills and experience deemed critical to the continued operation of key Finance processes to ensure that appropriate and valued knowledge is cascaded throughout the team to facilitate operational continuity in the event of staff absence.

- **Procurement**

Guidance on the process to secure external expertise (either on a one off or recurring basis), including recommended routes to market and selection procedures should be produced and communicated to likely procurers.

The effectiveness of the actions to address the application of Single Tender Actions (STAs) should continue to be monitored and assessed. Where timeliness of action is a recurring route cause of the STA this should be addressed with the relevant team.

The procurement fields requiring completion within the Finance system should be reviewed. This should be driven in part by the recurring issues which are referred for the Finance team to resolve and those identified during the review. The review should also consider bottlenecks in Purchase Order approval (where amendments are required to a Purchase Order or requisition) and whether these are isolated examples or whether the requisite approval licensing/ delegations should be extended.

- **Travel Policy**

The NAO should consider the introduction of self-approval thresholds, initially on a pilot level for Director level expenses but for consideration to other levels thereafter. In parallel to wider reviews of the Finance system and the change in subsistence requirements, the data and fields required for expenses should be reviewed with a view to streamlining the process.

Acknowledgement

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Crowe U.K. LLP

September 2020

Detailed Findings

1. Overview of the Finance Function

- 1.1. The Finance Function at the NAO is well regarded throughout the organisation and viewed as a trusted partner. Individuals recognise the improvements that the finance function have made, particularly in terms of the transparency of financial information across the organisation.
- 1.2. Following the appointment of the new Comptroller and Auditor General (C&AG) there has been a continued focus on transparency as to the overall financial position of the NAO. This is being enhanced with the transition to operating and reporting in the Group structure (previously Clusters) as part of the new strategy (2020-25).
- 1.3. The Finance Team is led by the Director of Finance supported by both the Head of Finance and Procurement and the Head of Reporting. The wider team consists of 13 individuals comprising three members of the Procurement Team and three Finance Business Partners.
- 1.4. Financial management at the Group level is led by the Executive Director supported by a Resourcing Director. Whilst the lines of responsibility for the finances of individual groups is to the C&AG, the line management for the Business Partners is through the Director of Finance and ultimately the Executive Director for Strategy and Resources (at the time of writing the report)
- 1.5. Executive Directors and stakeholders were particularly supportive of the positive contribution of senior team members and the skillset of the Director of Finance and his understanding of the culture, ways of working and operation of the NAO. The role of the Director of Finance was viewed as critical. In terms of succession planning, and managing continuity risk actions are in progress led by the Executive Director for Strategy and Resources and Director of Finance.
- 1.6. The Finance Area Plan details an assessment of the current training priorities, skills and resources of the Finance Function. This is a forward looking assessment which provides a strategic direction and set of priorities for the enhancement of team skills.
- 1.7. A further enhancement is to consider operational continuity, and given the size of the team whether there are key activities which require additional cross training within the team.

2. Crowe Finance Capability Maturity Assessment

The “Crowe Finance Capability Maturity Assessment” was utilised as a benchmark to assess the operations of the Finance Department. This is based on an established methodology which considers key strategic and operational objective of a Finance Department.

2.1 Transact, record and report effectively by improving fundamental financial processes

- 2.1.1 The processes to transact, record and report should be efficient to enable the Finance Function to focus on more strategic analysis and input to the organisation.
- 2.1.2 In our assessment, the transactional elements of financial processes at the NAO are efficient. However, there are further opportunities for development within the purchasing cycle, monthly payroll forecasting, management accounts and the statutory financial accounts production.
- 2.1.3 Existing processes require the Finance Team member to manually enter details from the invoice for the invoice to be posted to the system, once matched against the Purchase Order (PO). Automated matching will increase efficiency and reduce the need for manual intervention in the process.
- 2.1.4 Project Managers and Project Leads have oversight of management dashboards, part of which detail TPOs requiring receipt. However, these but are not consistently completed on a timely basis . This has an administrative impact upon the Finance team who have to follow up to ensure that the POs are receipted. In line with the Finance Global Design Principles (Section 3) there is an opportunity to develop system based controls to improve the efficiency of processes. This specifically relates to instances where changes are required to a purchase order or requisition.
- 2.1.5 Whilst the year-end process and accounts were completed on a timely basis (including during the Covid-19 lockdown period) there is an opportunity to increase the level of automation involved in the production of the financial statements. Currently, the production of the year-end financial statements is undertaken on excel spreadsheets with a number of linked documents that support additional disclosures within the financial statements. There are potential opportunities to automate the initial production of the financial statements.
- 2.1.6 The functionality of the Finance system to further automate the production of the financial statements and management accounts should be explored. In addition, there are opportunities to further automate the payroll spreadsheet.

2.2 Decision support and the provision of knowledge for decision making

- 2.2.1 As part of the NAO’s five year strategy there has been a transition from the previous cluster structure to that of six ‘Groups’. Executive Directors are responsible for their group’s performance and have been allocated a functional responsibility across six key areas including, knowledge; value for money; quality; people; financial audit, and strategy and resourcing. The new structure aligns the accountability for the performance of the Group with the Executive Director.
- 2.2.2 The new structure will require clear roles and accountabilities with appropriate and timely management information to be presented to support decision making.
- 2.2.3 Stakeholders were positive regarding the management dashboards that the Finance team have created which allowed the responsible individual to review the performance of the Cluster (as was in place). With the change to the Group structure there is a need to change the management dashboards in place. This is recognised and is in progress.

- 2.2.4 Following the finalisation of the revised Management Dashboards (which was projected to be completed by the end of September 2020 at the time of drafting) the dashboards should be reviewed in conjunction with the Group Directors to ensure performance is monitored effectively in line with the Balanced Scorecard framework. Performance based measures aligning business activities to the strategic priorities will ensure that there is a clear link between business activities and overall organisational outcomes.
- 2.2.5 Dashboards and reporting information should be consistent across Groups. Where bespoke reporting is required, training should be provided to the relevant Group to address any specific reporting requirements rather than having Finance produce bespoke reporting across all Groups, although this is being addressed as part of the refinements to the dashboards currently in progress.
- 2.2.6 There is an inconsistency in the current structure as to when financial information is presented at Group Level and to the Executive team, with differing views across Executive Directors as to whether issues should be reviewed pre/ post the Executive team meeting by the Groups. Given the skillsets of the individuals involved and their financial backgrounds, our view is that as long as the Executive team is receiving consistent and up to date information which supports effective financial management of the organisation, the approach taken by the Groups can be determined locally.
- 2.2.7 As the new structure is embedded, there may be a need to further refine the financial performance information presented to the Executive Group.
- 2.2.8 The responsibility for operational delivery sits at the Group level (overseen by the Executive Directors) which therefore presents the opportunity to focus the Executive Team performance information on strategic issues rather than operational issues / data. In our view, the Groups, once established, are the most appropriate forum to focus on detailed operational financial data, including periodic project budgets and the accuracy of the income position. This will also facilitate the Executive Team in considering areas of non-compliance to be escalated from the Groups.

2.3 Financial planning and the allocation of funds, people and other resources

- 2.3.1 Financial planning is carried out together by the Finance team, Executive and Resourcing Directors. The role of the Finance Business Partners is to support effective working, although there are enhancements to be made to the process (refer to 2.5). However, for context there are a number of aspects of financial management planning and resource allocation which are undertaken outside of the Finance department. These are managed directly within the Groups and at the individual Project Manager and Project Lead level.
- 2.3.2 There is a need to continue to enhance project financial management. One specific example relates to accrued income at the year-end, where judgements are applied to estimate the project position. The responsibility and maintenance of the “Work in Progress” (in effect, the proportion of the project delivered and the related income due at that point) position is the responsibility of the project managers. In the most recent set of audited accounts (2019/20), there was extensive investigation required by the Finance Team to ensure the data in the finance system was accurate at year end. This was due to inaccurate project budget estimates regarding accrued income (“Work in Progress”), whereby the estimate for work completed was in excess of the actual position.
- 2.3.3 As part of the reorganisation and move to the Group structure new accountability structures are being established. Whilst outside the direct remit of Finance, enhanced project budget monitoring on a monthly and quarterly basis at Group level will facilitate an efficient year-end process. This should be enforced through the performance management process.

2.4 Financial governance, control and catalyst for new initiatives and change

- 2.4.1 The proposed changes to management reporting due for implementation in September 2020 will link organisational objectives to group performance and evaluative criteria through the balanced scorecard.
- 2.4.2 The proposed reporting will continue to provide a range of reports to Groups to manage individual performance. A consolidated report is planned to be shared with Executive Directors aligned to the performance management framework.
- 2.4.3 Feedback was provided by stakeholders that Finance should continue to be actively involved in change projects, reflecting the changing status of the team within the organisation.

2.5 Business partnering, funding & treasury management

- 2.5.1 As set out in section 1, the Finance team are considered a trusted partner to the wider organisation. However there is an opportunity to ensure that the role of the Finance Business Partner is clearly embedded. Across stakeholders interviewed the engagement of the finance business partner varied across groups, with there being the potential for duplication of work and activities under the revised strategy and structure.
- 2.5.2 The new structure has introduced a Resourcing Director role which has led to a perception that there may be a duplication between the role of the Resourcing Director and Finance Business Partner. Our review of the role descriptions did not highlight areas of duplication but in practice there is scope for responsibilities to be duplicated. These areas predominantly focussed on the following:
- a. Reviewing process of purchase order receipting
 - b. Reviewing allocations of staff on a monthly basis and variances from expectations
 - c. Budget Reviews.
- 2.5.3 As part of the implementation of the new structure, the role of the Finance Business Partner should be clearly articulated to ensure that duplication of activities can be mitigated. Clarifying the role of the Finance Business Partner at the Group level facilitates effective engagement at the stages of decision making and planning where the skill sets of the Finance Business Partner will be of most benefit.

2.6 Financial risk management and protection of assets

- 2.6.1 Given the activities of the NAO, in practice the management of financial risk principally relates to the management of projects and engagements. Whilst Finance facilitate reporting of this process, the responsibilities for financial risk management is ultimately with the Executive Team, who make decisions based on the information provided by Finance. This is based on local project data, where the responsibility for accuracy and completeness of this data resides with the Project Leads and Managers. For the purposes of this assignment these areas of activity have been categorised as outside of the scope of the assessment.
- 2.6.2 In terms of the financial control environment, both Internal and External Audit have reported there are no significant concerns over the effectiveness and efficiency of the systems of controls across Finance within their respective remits. The external audit of the year end accounts 31st March 2020 has been completed with only minor control points identified. This therefore infers that the finance function are able to appropriately and effectively fulfil their obligations in the production of the year-end financial statements, particularly as the audit was undertaken during the initial period of lockdown (March/April 2020).

3. Finance Global Design Principles

- 3.1 The Finance Global Design Principles² have been developed for 12 areas of financial taxonomy in order to promote best practice across Government. Whilst these apply more generally across government departments we have applied aspects of the taxonomy which are relevant to the NAO as a benchmark of best practice against the systems in place. In a number of cases, for the areas selected a number of principles do not apply, therefore we have tailored our assessment accordingly.
- 3.2 The Finance Global Design Principles highlight the need for demonstrable benchmarks and targets across each area to be regularly reviewed to assess the achievement of efficiencies. Within the Organisational Development Plan (ODP), as part of the Finance Area Plan, targets relating to payroll, procurement and supplier and employee payments have been established. In the absence of other available benchmarking data, we have provided additional benchmarking data from the Charity Finance Group (CFG) Finance Count exercise for charities). This covers other finance operational areas of activity which may be beneficial in assessing performance and in determining additional benchmarks.
- 3.3 Overall based on walkthrough of the system design, for the areas considered, the NAO's financial systems are aligned to best practice principles with potential opportunities for enhanced automation of processes. The specific areas of the taxonomy are summarised below.

Purchase to Pay

- 3.4 The purchase to pay principles cover the end-to-end procurement cycle, from sourcing, data setup and maintenance, purchasing, receipt, payments, management information and supplier management³.
- 3.5 The purchase to pay process at the NAO is driven by a number of key self-service workflows within the Financial Force system, which maintain inbuilt authority limits and approval processes in the system. The process is supported by both Finance and the Central Procurement Team ("CPT"), with the process relating to tendering and routes to market predominantly supported by the CPT. Transactions are retained within the system to ensure an audit trail is maintained to evidence decision making.
- 3.6 Areas for specific consideration in relation to the improvement of the efficiency of the purchase to pay cycle when compared to the Global Design Principles include:
- a. Automated system reminders of outstanding purchase orders requiring receipting being directed to individuals. Existing practices rely on the Finance team and business partners reminding individuals to receipt orders.
 - b. Intelligent scanning of both electronic and paper invoices received to create efficiencies in data entry within the Financial Force system.

Order to Cash

- 3.7 Order to Cash principles predominantly focus on the activities undertaken by the accounts receivable function (covering invoice generation and receipting) whilst also ensuring best practice in debt management.

² <https://www.gov.uk/government/publications/finance-global-design-principles>

³ Supplier management has been covered in further detail at section 5

- 3.8 The majority of income received is derived from the provision of audit and assurance services that account for circa 88% of income in the 2019/20 financial year (90%: 2018/19). The process for billing is driven by workflows within the system. The remaining income is processed through manual invoices, including foreign currency billing.
- 3.9 One area for specific consideration in relation to the improvement of efficiency of the Order to Cash cycle when compared to the Global Design Principles includes developing system based workflows in respect of manual based invoicing including automated approvals. These manual invoices primarily relate to rent, international audits in a foreign currency and miscellaneous services.

Cash Management

- 3.10 Cash Management covers the end to end process, from bank account set up and maintenance, through to cash planning, banking transactions, bank reconciliations, cash handling, forecasting and analytics.
- 3.11 The NAO maintain no commercial bank accounts, utilising accounts through the Government Banking Service. Banking controls are applied throughout including application of segregation of duties in internet banking.
- 3.12 There are established mechanisms to support cash management including the use of cash budgets regularly monitoring the performance of projects against budget.

Payroll

- 3.13 The principles supporting Payroll are designed to ensure consistency and co-ordination between corporate functions. These cover joiners, leavers, transfers and loans to period end and year-end reporting.
- 3.14 The Payroll team is within Finance. They are responsible for the accuracy of the payroll each month managed alongside an outsourced external payroll provider.
- 3.15 There is segregation of duties between Finance and HR with Finance individuals only accessing HR information on a 'read only' basis.
- 3.16 There are established processes and procedures in place supporting the operation of payroll within the Finance Team which are in line with the design principles and proportionate to the NAO.

Expenses

- 3.17 The Expenses design principles cover master data set up, advances, booking systems, claims, credit cards, approval, audit and payment of transactions and management information. The travel policy and expenses process has been further considered at section 5.
- 3.18 The NAO utilises a Travel Management Company (TMC) to facilitate value for money and discourage the use of expense claims outside of the TMC except in exceptional circumstances or where agreed in advance.
- 3.19 The expenses system outside of TMC is undertaken through inbuilt process workflows within Financial Force which create a clear audit trail for approval for all expenditure incurred. Finance ensure sufficient oversight of expenses and undertake sample reviews of expenses meeting

specified criteria. Project teams are able to monitor expenses across both the TMC and the expenses systems through their dashboards.

- 3.20 One area for consideration to improve the efficiency and accuracy of the expenses cycle when compared to the Global Design Principles is to develop system based controls for approvals to be re-routed when the designated approver is absent or has not approved in a defined timeframe. This will ensure that expenses are approved expediently and in line with guidelines.

Record to Report

- 3.21 The Record to Report design principles cover data set up, planning and budgeting, forecasting, period end accounting, external reporting and management information.
- 3.22 The NAO perform well when compared to the Global Design Principles particularly within the proposed changes to management reporting. The changes will align the balance scorecard to the work undertaken by individual groups to the overall organisational objectives. As referenced in the Global Design Principles this facilitates accountability and responsibility.
- 3.23 The Finance team report on performance on a monthly basis including variances from budget. Reporting is produced from data held within Financial Force.
- 3.24 Areas for specific consideration to improve the efficiency of the record to report cycle when compared to the Global Design Principles include:
- a. Assessing whether the finance system can generate a first draft set of accounts with an underlying chart of accounts that maps to external reporting requirements. This will, allow a more efficient production of required information minimising the need for manual intervention.
 - b. Utilising the finance system to improve the efficiency of the management accounts and payroll forecasting which will then allow different scenarios to be applied.
- 3.25 The NAO should explore the further utilisation of Financial Force to automate aspects of financial processes and operations. This includes the introduction of electronic document scanning and continued reduction of manual process entry.

4. Procurement Policy and Purchase to Pay Cycle

Procurement Policy

- 4.1 The NAO's role as the authority on procurement practices for the public sector seeks to ensure that the procurement policy adopted complies with Public Contract Regulations 2015 and wider legislation thus ensuring value for money (VFM) is achieved through its procurement practices. As such, the NAO seeks to be an exemplar throughout the Purchase to Pay cycle.
- 4.2 The NAO's procurement is managed by the Central Procurement Team ('CPT'), with oversight of spend of circa £30 million per annum, including the use of Frameworks to support organisational spend.
- 4.3 The Procurement Policy is available to all staff through the staff Intranet. The policy is supplemented with other guidance on specific aspects of the policy.
- 4.4 Discussions with stakeholders confirm that the policy contributes to the correct behaviours across the organisation for compliance with good procurement practice and wider legislation.
- 4.5 The Procurement team is structured towards standard public sector procurement rather than more complex scenarios. An area referenced for development is in the process to secure external expertise for projects on a one off basis where there is no in-house expertise or it cannot be sourced through the framework contracts. Underlying causes are a lack of forward planning which would enable the procurement process to be applied and a misperception of the complexity of the procurement process.
- 4.6 In instances where specialist sourcing is required there is an opportunity to engage an external firm to support the process and provide additional technical and market knowledge. For one off type skills based appointments, the Procurement team should build on their engagement across the NAO with the relevant teams and individuals to address the perceived barriers.
- 4.7 Feedback was provided by a number of the high spend corporate service teams and contract managers on the improvements and support provided by the CPT in sourcing suppliers. Contract managers referenced the use of alternative procurement frameworks beyond the Crown Commercial Services (CCS) Framework, including the use of G-Cloud and ESPO. This has been facilitated through the involvement of the Procurement Managers in discussions with key stakeholders active in procurement.
- 4.8 Good procurement practice references that for public sector organisations the purchase of goods, works and services is undertaken through fair and open procurement practices and process⁴. There may be instances where competition will not result in value for money and the use of a 'single tender action ("STA")' is allowable however this must be on an exception basis.
- 4.9 There have been approximately 60 contracts which have been awarded via Single Tender Actions (STAs) over the last two years, with an average lifetime value of just under £50k. We have analysed the breakdown of the contracts. A number of these have a clear business reason (such as being a regulator of audit quality, although a number could have been avoided through better forward planning.

⁴ As per annex 4.6 Procurement of Managing Public Monies

- 4.10 The need to evaluate and control the use of STAs has been reviewed by the NAO and appropriate actions are being undertaken. Whilst the use of the STAs is allowable, the CPT are providing staff with alternative mechanisms to procure at an earlier stage thereby proactively addressing a key root cause of STAs.

Purchase to Pay Process and System

- 4.11 The purchasing system is accessible to staff through Financial Force. Delegations of authority are project based, with each project within the Financial Force system being linked to the Delegation of Authority. Spend is recorded against specific projects and subject to approval by Project Directors. Segregation of duties is maintained within the system.
- 4.12 Our discussion with a cross section of staff highlighted issues regarding the efficiency of the system. This included reference to the system not being intuitive and the process involving too many steps. Examples of this included a number of fields being established which were no longer relevant and a number of error alerts which required intervention by Finance to resolve.
- 4.13 As would be expected more frequent system users had a greater working understanding of the system. However, both frequent and infrequent users highlighted that the system involved a number of steps thereby increasing the complexity of the process. This is a recognised issue, with an ongoing work programme to simplify the process and improve the system in place.

Supplier Management

- 4.14 Our Value for Money review of the NAO in 2018 provided considered the Contract Management processes.
- 4.15 A summary of the status of the five recommendations raised was presented to the NAO's Audit Committee in October 2019. Appendix 2 provides an updated summary of the status of the reported findings.
- 4.16 Since the finalisation of the review in October 2019 a number of key actions have been undertaken to enhance the contract management process in line with best practice, such as:
- The Head of Finance and Procurement has overall responsibility for the coordination of contract management processes, including the design and implementation of the governance framework.
 - The Contract Management Governance Group (CMGG) comprising senior managers with oversight of large commercial activities has been established. A series of meeting were held during 2019/20.
 - There is also a The Contract Management Group which is used for knowledge sharing and lessons learnt exercises across contract managers as well as considering contract pipeline activity.
 - The contract management process has been built into the budget and IT systems, covering performance management, risk management and contingency planning.
 - Templates have been introduced for procurement, with clarity of sign off at Board and Executive Team level at defined thresholds.
 - Strategic suppliers have been identified, with supplier contingency plans reviewed annually.
 - The CMGG informed an assessment of training needs which has been used to inform the delivery of training to contract managers.

- 4.17 The Procurement Team should assess the routes to market for securing “one off” and recurring external expertise outside that of the Framework Contracts. A brief guide on the process, recommended routes to market and selection procedures should be produced and communicated to likely procurers.
- 4.18 The effectiveness of the actions to address the application of Single Tender Actions (STAs) should continue to be monitored and assessed. Where timeliness of action is a recurring route cause of the STA, this should be addressed with the relevant team.
- 4.19 The procurement fields requiring completion within Financial Force should be reviewed. This should be driven in part by the recurring issues which are referred for the Finance team to resolve and those identified during the review. The review should also consider bottlenecks in Purchase Order approval and whether these are isolated examples or whether the requisite approval licensing/ delegations should be extended.

5. Travel Policy Review and Expenses

Travel Policy

- 5.1 Travel expenditure at the NAO amounted to circa £2.1 million in 2019-20 (£2.4 million 2018-19). The NAO utilise a travel management company (“TMC”) which users can book travel and hotels through, utilising project codes to ensure the correct allocation of expenditure. The use of TMC is encouraged, particularly for those audit engagements planned in advance. There is also the option to claim for expenses direct, should this be required.
- 5.2 The NAO’s Travel Policy provides guidance to support staff when making travel arrangements and to specifies the necessary criteria for expenditure to all staff. From a review of the content and benchmarking this to comparable organisations the policy appears reasonable and proportionate for the NAO.
- 5.3 Staff and directors interviewed considered that the policy was clear and drove the right behaviours (such as not travelling excessively and helping to ensure that good value is secured in the use of public funds). It was highlighted that post Covid-19, the necessity for travel between the London and Newcastle offices, (as well as client sites) might be further reduced.
- 5.4 Employees are required to maintain receipts for subsistence until approved with a spot check of a sample of expenses. An amendment in April 2019 to the s289A ITEPA 2003 has removed the need for employers to check receipts or other forms of documentary evidence. The employers’ obligation is to ensure only that:
- ▶ The employee has actually undertaken qualifying business travel; and
 - ▶ There is no reason to know or suspect that the travel did not occur.
- 5.5 It is recommended good practice that employees retain all supporting receipts/vouchers should HMRC ever undertake a compliance inspection and an expense claim be challenged. Receipts/vouchers may prove vital to mitigate any HMRC assertion that an expense was not incurred wholly, exclusively and necessarily in the course of business, (although these can be retained electronically).
- 5.6 The NAO has recently changed the approach to subsistence in the organisation, to align to HMRC guidance that allows benchmark subsistence rates to be provided without the need to provide supporting supplementary evidence.

Expenses Process

- 5.7 There was a majority view by Directors interviewed that the expenses approval process places an undue, but not prohibitive, administrative burden on senior members for the expense submissions of other senior team members for low value items. Given the low value of expenses it is thought that the theoretical cost of management time in approving expenses outweighs that of the expense itself.
- 5.8 In our experience other professional practices have a self-authorisation of expenses in place up to a defined financial level. Also, it is questionable whether Directors peer reviewing expenses represents value for money in the use of resources.

- 5.9 For the year ended 31 March 2020, the Executive Board reviewed 770 expense claims totalling £15,695 with an average spend per transaction of £19.00 and with the minimum value approved of £1.35 and the highest value of £400.
- 5.10 The NAO should consider the introduction of self-approval thresholds, initially on a pilot level for Director level expenses but for consideration to other levels thereafter. In parallel to wider reviews of the Finance system and the change in subsistence requirements, the data and fields required for expenses should be reviewed with a view to streamlining the process.

6. Performance Metrics and Benchmarking

Performance Metrics

- 6.1 As part of the Corporate Services Area Plan a series of performance metrics have been proposed for the Finance Function. Within this are a series of Organisational Development Plan Workstreams, which align with the findings and observation of this review. This also contains a series of Finance specific performance metrics, as presented in the table below:

Indicators	Target
Management Accounts	Management Accounts available for review by ED after 6 working days following month end (includes payroll forecast).
Supplier and Employee Payments	All supplier and employee payments to be made within 10 days of email receipt of valid supplier invoice or employee expense claim by the NAO Finance team unless queried or put on hold. All disputed and put on hold invoices and claims to be resolved within 1 month of receipt.
Payroll accuracy	Final checks to guarantee 99.5% accuracy of payroll (processed by supplier). This means no more than five (5) corrections or adjustments in any one month (based on 1,000 payroll headcount) to correct prior period errors.
Procurement	Response times to initial queries from teams within a maximum of 2 working days or 5 working days for more complex queries received. <ul style="list-style-type: none"> - Demonstrable savings on like for like contracts - Procurement complete within agreed timeframes of original plan (large, complex procurement)
Customer Service	An initial response is given within 24 hours agreeing a response time for a full, final reply (this will vary depending on query) providing all the correct information has been provided. An updated response to be sent at least 10 working days following the initial response
Business Partnering	Engagement with Group Resource Directors (range of qualitative measures to be agreed once roles as drafted agreed).

- 6.2 In our view, the proposed metrics are appropriate for the NAO and the type of service that the Finance team provides. The metric regarding customer service requires development of functionality within the CRM. A key element of this metric also relates to having a clear audit trail to track actions being completed, including responses to supplier queries.
- 6.3 As part of the wider consideration of automation of financial processes the functionality of existing systems (Finance/ CRM) to track performance should be assessed.

Appendix 1 – Crowe Finance Capability Maturity Assessment

We have carried out a maturity assessment of current performance levels and target performance levels (including current initiatives planned by the NAO), with an assessment from “initial” to “advanced” applying the criteria below. The areas have been derived from our summary of the key activities of a Finance Function. This provides a further detailed commentary to the summary in Section 2.

The arrows in the chart below reflect the direction of travel and expected status of the assessment when the actions as per the Finance Area Plan, and agreed actions following the VFM, have been implemented.

The charts should be viewed in conjunction with the definitions summarised below:

Descriptor	Initial	Developing	Defined	Established	Advanced
Definition	Systems are underdeveloped and do not address the majority of key risks in the area. Processes have not been developed to address stakeholder requirements. MI is not produced/ inaccurate.	Current systems have not been adequately designed to address key risks. Systems are not operating as expected, lack of procedural documentation and are not addressing the majority of stakeholder expectations.	Systems have been adequately designed to manage baseline operational risks but are not operating effectively. Opportunities for efficiencies in process improvement by redesigning process. Not all stakeholder needs are being met. MI is reactive and ado.	Systems have been adequately designed to manage risks and are operating with only administrative exceptions. Opportunity for efficiencies in process improvement through increased automation and proactively working with the organisation.	Systems are addressing stakeholder requirements in all aspects, with the Finance Function representing best practice. Information is dynamic and supports effective and timely decision making.

Area	Initial	Developing	Defined	Established	Advanced
Transact, record and report effectively by improving fundamental financial processes				✘ →	
Business partnering & treasury management				✘ →	
Decision support and the provision of knowledge for decision making				✘ →	
Financial planning and the allocation of funds					✘
Financial governance, control and catalyst for new initiatives and change					✘
Financial risk management					✘

Appendix 2 – Implementation status of recommendations: Contract Management

Original recommendation and target date for completion (report dated December 2018)	Implementation Status and progress update as provided by NAO
<p>1. Lead for Internal Contract Management Process</p> <p>A co-ordinating lead for contract management processes within the organisation should be allocated to ensure that there is co-ordination of contract management operations throughout the NAO.</p> <p><i>Target date: March 2019</i></p> <p><i>Status: Completed March 2019</i></p>	<ul style="list-style-type: none"> ➤ The Head of Finance and Procurement has taken overall responsibility for coordinating internal contract management processes at the NAO. ➤ This has included the design and implementation of the governance framework arrangements and review and design of processes and systems.
<p>2. Implementation of contract management processes</p> <p>Contract management processes and guidance should be provided centrally and include the following:</p> <p>Details of the governance process, outlining roles and responsibilities of senior individuals</p> <p>Details of the roles and responsibilities of contract managers and the procurement team, to ensure that their roles are clearly defined and their skills utilised appropriately</p> <p>Processes including guidance and requirements pertaining to the value/ importance of the contract being managed e.g. processes for high, medium, and low risk contracts as defined, with guidance tailored accordingly.</p> <p>Integration of the new contract database into the processes.</p> <p><i>Target date: 30 June 2019</i></p> <p><i>Status: Completed May 2019</i></p>	<ul style="list-style-type: none"> ➤ Governance, policies and roles & responsibilities: <p>The Contract Management Governance Group (CMGG), comprising of senior management who oversee large commercial activities, was established in March 2019 with a clearly defined 'Terms of Reference' which addresses the principles raised.</p> <p>Operational policies clearly define:</p> <ul style="list-style-type: none"> ○ Governance arrangements; ○ Roles and responsibilities of individuals involved in contract management; and ○ The Central Procurement team <ul style="list-style-type: none"> ➤ Integration <p>Budgeting, procurement (business cases), purchase to pay and contract management have been integrated in the NAO's budget and planning IT Systems.</p> <ul style="list-style-type: none"> ➤ Contract management process <p>The full contract management process has been designed in the NAO's budget and planning IT systems to cover key processes including performance management, risk management and contingency planning.</p> <p>Contract management requirements are proportional to the criticality of contracts. Minimum requirements are built into the IT systems to ensure that these are met.</p>

Original recommendation and target date for completion (report dated December 2018)	Implementation Status and progress update as provided by NAO
<p>3. Supplier/ Risk Monitoring</p> <p>The requirement for supplier/ risk monitoring processes should be clearly defined within any contract management processes and guidance developed to ensure that roles and responsibilities are clearly set out, monitoring is commensurate to the contract being managed, and the process is easily understood and applied by the relevant individual.</p> <p><i>Target date: March 2019</i></p> <p><i>Status: Completed April 2019</i></p>	<ul style="list-style-type: none"> ➤ Strategic Suppliers <p>We have identified our strategic suppliers as those who provide critical services and / or have a lifetime contract value of £500,000 or more.</p> ➤ Risk Monitoring <p>The risk management process, including supplier risk, is defined in the Contract Management Policy. On an annual basis, contingency plans are to be reviewed for all critical contracts and the relevant suppliers.</p> <p>In addition, Dun and Bradstreet have been appointed to produce reports for NAO strategic suppliers. Using this report and other information available, the Central Procurement Team will carry out annual financial health checks on all strategic suppliers and flag any risks to the relevant contract manager.</p>
<p>4. Staff Development and Training</p> <p>The training strategy for the central teams should include a component that all contract managers should be required to undertake.</p> <p>Contract management should be built into contract manager’s job descriptions and assessed as part of the ongoing performance management process.</p> <p><i>Target date: 30 June 2019</i></p> <p><i>Status: Completed June 2020</i></p>	<ul style="list-style-type: none"> ➤ The Central Procurement Team (CPT) have been using the Contract Managers’ Group meetings to train contract managers on Procurement and Contract Management. A survey was conducted ahead of the second CMG meeting on 18th Nov 2019 to gauge which areas of procurement, contract management and use of systems (Financial Force) contract managers found most difficult. The survey results showed that knowledge of the procurement process is what most colleagues found difficult to understand. ➤ CPT took this on board and since the survey, three training sessions have already been delivered with several more to come over the course of the year. ➤ CPT will be providing continuous training to equip contract managers with all the necessary tools, templates and guidance to carry out effective contract management. Contract Management System (CMS) in Financial Force training will be supported by L&D when the functionality is tested and approved by CPT.
<p>5. Lessons Learned and Skill Sharing</p> <p>The NAO should look to ensure that contract managers have a forum to meet on a regular basis, and to discuss items outside of meetings</p>	<ul style="list-style-type: none"> ➤ This is now complete as the CMG has formed and regular meetings and training is held. Contract Managers are given a platform to share their experience on how they manage their critical and strategic contracts. Real examples are used, and lessons learned are

Original recommendation and target date for completion (report dated December 2018)	Implementation Status and progress update as provided by NAO
<p>(e.g. through a shared workspace), in order to allow contract managers to discuss any lessons learned, contractual issues, solve problems/queries encountered and share experiences and leverage skills.</p>	<p>discussed. The CMG provides a platform for all contract managers to share their ideas and concerns and helps CPT design future workshops to better equip the CMG.</p>
<p>In addition, contract managers should be made aware of skill sets among other contract managers and in the procurement team so that those individual's skills are utilised to the maximum possible extent. This should utilise the examples of recent supplier challenges, including how the supplier issues were identified, mitigated and lessons applied.</p>	
<p><i>Target date: 30 June 2019</i></p>	
<p><i>Status: Completed June 2020</i></p>	

Appendix 3 – Our Approach

1. The report evaluated whether the NAO is getting value for money from its Finance Function. We examined:
 - ▶ Does the operation of the NAO's Finance Function achieve value for money in its use of resources?
 - ▶ Does the NAO's Finance Function adhere to the Universal Design Principles established across central government?
 - ▶ Do the financial policies and systems interface so that they result in effective and efficient decision making in the use of resources?
 - ▶ What are the key metrics that can be used to track (as an in year and annual comparator) the efficient and effective use of resources in the NAO's Finance Function?

2. Our audit approach is summarised in Figure 1, and our evidence base described in Appendix 4.

Figure 1: Our Approach

The objective of the NAO	To ensure value for money is achieved through the operation of the Finance Function that provides support for the NAO to achieve its objectives.
How this will be achieved	Through the provision of timely and accurate financial information to the Office the Finance Function are able to support the business in strategic decision making, forward planning and robust risk management.
Our review	Our review examines whether the Finance Function is operating both effectively and efficiently in appraising its performance against what is expected across the wider public sector by the NAO's own audit team.
Our evaluative criteria	<p>The review has sought to address the following key questions:</p> <ul style="list-style-type: none"> ● Does the operation of the NAO's Finance Function achieve value for money in its use of resources? ● Does the NAO's Finance Function adhere to the Finance Global Design Principles established across central government? ● Do the financial policies and systems interface so that they result in effective and efficient decision making in the use of resources? ● What are the key metrics that can be used to track (as an in year and annual comparator) the efficient and effective use of resources in the NAO's Finance Function?
Our evidence	<p>We assessed the Finance Function of the NAO through the following mechanisms:</p> <ul style="list-style-type: none"> ● Interviews with the Executive Team and the Resource Directors ● Interviews with other stakeholders including Internal Audit and External Audit ● Interviews with the Finance Team ● Process reviews and review of supporting documentation on specific taxonomy areas within the Global Design Principles ● Policy documentation, included process manuals were appropriate
Our value for money conclusions	<p>Overall, the Finance Function at the NAO is generally fit for purpose and provides value for money considering the size and nature of the organisation.</p> <ul style="list-style-type: none"> ● The Financial processes in place benchmark comparably against established best practice metrics. ● Financial Force is utilised across the organisation which allows for the efficient processing across systems, reducing the reliance on a number of system interfaces. ● Ownership and accountability for financial performance of individual groups is being assigned to individual Executive Directors who feel well supported by the Finance Team. ● Financial decision making is supported through the provision of timely management information and management dashboards to support the wider organisation. ● Ownership and accountability for financial performance of individual groups is assigned to individual Executive Directors of who feel well supported by the Finance Team. ● Financial performance is to be reviewed using the balance scorecard approach. <p>There are opportunities to enhance the efficiencies of the financial processes that support the finance function and the wider organisation which will create greater efficiencies and create further automation within processes.</p>

Appendix 4 – Evidence Gathering

Approach

1. We reached our conclusion on value for money after analysing evidence we collected between May 2020 and July 2020.
2. We reviewed the NAO's approach to achieving value for money within its Finance Function:
 - We prepared interview question sets based on the Crowe Capability Maturity Assessment for Finance Functions and the Government Finance strategy.
 - We held interviews with the following:
 - i. Executive Team
 - ii. Five members of the previously referred "Strategy and Planning Directors"
 - iii. Director of Finance
 - iv. Head of Finance and Procurement
 - v. Head of Financial Reporting
 - vi. Head of Reporting
 - vii. Deputy Head of Procurement
 - viii. Functional Business Analyst
 - ix. Head of Facilities
 - x. Head of Human Resources Operations & HR Resourcing Specialist
 - We worked alongside the NAO's external audit team to review the financial reporting process.
 - We reviewed a series of key questions following our review of Finance Global Design Principles on the following areas:
 - i. Purchase to Pay
 - ii. Order to Cash (for this area it would only consider aspects undertaken by Finance, given billing will be client level)
 - iii. Cash Management
 - iv. Payroll
 - v. Expenses
 - vi. Record to Report
 - We obtained and reviewed supporting documentation, including but not limited to, the Finance Manual, Procurement Policy, Travel Policy and Management Reporting.

Appendix 5 – Recommendation Schedule and Management Response

No.	Recommendation	Agreed/partially agreed/rejected	Management Response	Implementation date
1	The functionality of the current Finance and Payroll systems to further automate a number of the operational processes should be explored. Key options to explore include production of the financial statements, management accounts and the payroll forecast.	Agreed	We will set out a road map to automate a number of key processes. We will prioritise the payroll and financial forecasts first. The road map for the work will be agreed with the Executive Director for Strategy and Operations by end of November	Nov 2020 (for roadmap against which progress can then be monitored and reported)
2	Following the finalisation of the revised Group Dashboards the role of the Finance Business Partner should be clarified with the newly established Groups to ensure that the proposed value-add activities expected of the Business Partners are being adopted on a consistent basis and to minimise any duplication of role.	Agreed	The role of the business partner will be clarified with the Groups as part of the annual operational planning process and formal guidance.	Dec 2020
3	<p>The finalisation of the revised Group Dashboards (projected by September 2020) should be reviewed in conjunction with the Group Directors to ensure performance is monitored effectively in line with the Balanced Scorecard framework.</p> <p>As the new structure is embedded, there may be a need to further refine the financial performance information presented to the Executive team.</p> <p>Whilst outside the direct remit of Finance, enhanced project budget monitoring on a monthly and quarterly basis at Group level will facilitate an efficient year-end process. This should be enforced</p>	Agreed	<p>Following sign off on the Balanced Scorecard framework by the Board in October, we will carry out a further review with Group Directors and the Executive Team to make sure that reporting meets requirements.</p> <p>We will communicate with HR the need to embed aspects of good project management into the performance framework</p>	March 2021

No.	Recommendation	Agreed/partially agreed/rejected	Management Response	Implementation date
	through the performance management process.			
4	A review should be undertaken of the necessary skills and experience deemed critical to the continued operation of key Finance processes to ensure that the appropriate and valued knowledge is cascaded throughout the team to facilitate operational continuity in the event of staff absence.	Agreed	Based on the roles set out in the organisational structure we will identify the specialist tasks and skills attached to each one. We will aim for a position whereby each of these tasks and skills a) can be covered by at least one other member of the team and b) is clearly documented so that it could be picked up by someone not part of the process.	July 2021
5	Guidance on the process to secure external expertise (either on a one off or recurring basis), including recommended routes to market and selection procedures should be produced and communicated to likely procurers. This should include the appointment of specialist support where required on a technical basis. The effectiveness of the actions to address the application of Single Tender Actions (STAs) should continue to be monitored and assessed. Where timeliness of action is a recurring route cause of the STA this should be addressed with the relevant team. The procurement fields requiring completion within the Finance system should be reviewed.	Agreed	Our procurement policy will be expanded to cover all of these elements. Training on how to apply this policy, including the need to minimise Single Tender Actions, will be organised for key buyers across the office. We have now completed a review and update of the Financial Force system, to make sure that the process is simplified. We will continue to take into consideration user feedback on making further improvements	March 2021
6	The NAO should consider the introduction of self-approval thresholds, initially on a pilot level for Director level expenses but for consideration to other levels thereafter. In parallel to wider reviews of the Finance system and the	Agreed	Subject to confirmation that this is compliant with HMRC rules as applicable to our circumstances, we will aim to roll out self-certification of expenses. This will commence	March 2022

No.	Recommendation	Agreed/partially agreed/rejected	Management Response	Implementation date
	change in subsistence requirements, the data and fields required for expenses should be reviewed with a view to streamlining the process.		<p>for a trial period for senior members of the organisation.</p> <p>We will carry out consultation with Directors to make sure this is a functionality which would we welcomed.</p>	



Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein.

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